

TAIPA NEWSLINE

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COMMISSIONER ISSUES ORDER IN TAIPA RATE CASE

Due to an error in its calculation of TAIPA private passenger rates, the Texas Department of Insurance has issued an amended order, for rates to be effective April 1, 1998. The overall statewide impact on TAIPA private passenger rates will be +4.5% instead of +3.9% as previously ordered. Those who purchase only BI and PD liability will see a 3.2% decrease. Commercial assigned risk rates will reflect the statewide overall 12.8% decrease Bomer ordered for benchmark commercial auto liability rates and be effective March 1.

The chart below reflects rate recommendations of TAIPA and the Office of Public Insurance Counsel (OPIC). The Center for Economic Justice recommended that rates for private passenger BI and PD liability coverages for TAIPA be lowered to 45% above benchmark.

	TAIPA	OPIC*	Amended Order
BI Liability	+33.8	-25.9	+5.3
PD Liability	+3.5	+9.7	-12.8
BI/PD Liability Combined	+22.0	-15.8	-3.2
PIP	+80.8	+12.7	+44.2
UM/UIM	+46.6	-18.5	+19.1
Total, all liability coverages	+29.9	-13.6	+4.5

*contains an allowance for operating profit

RULE 41 AMENDMENT CHANGES SR-22 CHARGE

Commissioner Elton Bomer adopted changes to Rule 41 of the Texas auto manual, effective Nov. 11, 1997, to change the premium charge

for policies requiring an SR-22 filing. The new annual premium charge is \$20 per person requiring an SR-22 filing, a reduction from the prior 10% of BI and PD premium.

An SR-22 may only be filed on an applicant or spouse when a policy is assigned through TAIPA. If an SR-22 is required for any other person on a TAIPA assignment, that person must obtain a separate policy.

BEGINNING 1998, SOME UNINSURED MUST HAVE FULLY PAID INSURANCE

Effective Jan. 1, 1998, the Texas Department of Public Safety (DPS) developed a new form SR-22A to be attached to certain SR-22 filings. DPS staff at 512-424-2230 can advise your applicant if their circumstances necessitate attachment of an SR-22A which certifies that the insured has paid for the policy in full. The SR-22A states that the certificate of insurance (SR-22) has a policy period of at least six months and that the premium for the entire policy period is paid in full.

Because six-month policies are not available through TAIPA, when an SR-22A is required, it will be issued only when the policy is issued and full annual premium has been received by the assigned insurer. The insurer sends the SR-22 and SR-22A to the producer who files them with the \$50 premium charge to DPS.

ADDING OR REPLACING VEHICLES ON TAIPA POLICIES

If an insured obtains an additional vehicle or wishes to substitute the same type of vehicle on a policy which was a TAIPA assignment, a

policy change request should be sent directly to the assigned insurer. Private passenger type vehicles may be added to a business auto policy. Commercial vehicles, however, may not be added to a personal auto policy.

Coverage will be effective in accordance with policy conditions. If not covered under policy conditions, coverage will be effective at 12:01 a.m. on the day following the date of the written request, provided that the request is mailed within one working day of the date of the request. If not mailed within one working day, coverage will be effective at 12:01 a.m. on the day following the date the request is received by the insurer.

If a new application is submitted to the Association from an existing TAIPA insured, it will be treated as a new assignment with all applicable surcharges.

REGULATORS, TAIPA MONITOR MANDATORY TAKE-OUTS

The Texas Department of Insurance and TAIPA have implemented procedures to determine why some consumers have not accepted less expensive mandatory take-out offers.

When an insurer receives a new TAIPA application from a former TAIPA insured who has had no lapse in coverage and received a mandatory takeout offer, the insurer will advise the Association office.

Notification may be made through a Producer Performance Complaint Form or by letter with a copy of the mandatory take-out offer attached. Once received in the Association office, TAIPA will forward this information and a copy of the new application to the Consumer Protection Division of the Texas Department of Insurance (TDI).

TDI staff will thereafter contact the insured to determine why the take-out was not accepted. TDI may also contact the producer of record.

EFFECTIVE DATES FOR ESP BINDING PRIOR TO A RATE CHANGE

Applications bound through the Electronic Submission Procedure provide coverage for losses after the time the ESP call is made, but the policy itself is not effective until 12:01 a.m. on the following day.

Any policy bound electronically the day before a rate change will utilize the new rates. Policies bound by an ESP call on March 31, 1998, will use the new rates and be effective on April 1, 1998. If you are unsure of effective dates for rate changes, please contact TAIPA customer service at 512-444-4441 before quoting the policy premium.

INSURING COMMERCIAL FLEETS THROUGH TAIPA

An insurer cannot be compelled to accept more than five vehicles per assignment. Up to five vehicles may be submitted on one application with one premium remittance. Additional vehicles must be submitted on separate applications with separate premium remittance.

For example, if 12 vehicles are to be insured, three applications would be required; five vehicles on each of two applications, and the remaining two vehicles on a third application. Because assignments are made randomly, each application would go to a different company.

The five vehicle limit per application and premium remittance also applies to electronic binding. Information for no more than five vehicles may be entered at one time.

After the five vehicle identification numbers have been entered and the reference number has been provided, the producer will be asked if additional applications are to be bound. At this time, the producer may continue to bind coverage by entering the information for the next group of five vehicles. A TAIPA ESP binder must be completed for each reference number.